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Division of Financial Assistance

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Arnold Schwarzenegger
Governor

TO: Debbie Irvin, Clerk
EXECUTIVE OFFICE

FROM: Barbara L. Evoy, Chief
DIVISION OF FINANCIAL ASSISTANCE

DATE: **September 2, 2005**

SUBJECT: SUMMARY OF COMMENTS; PROPOSED AMENDMENTS TO THE POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND (SRF) LOAN PROGRAM TO INCORPORATE SUSTAINABILITY OF WATER RESOURCES

In January 2005 (Resolution No. 2005-0006), the State Water Resources Control Board (State Water Board) declared sustainability of water and environmental resources to be one of its core values. In May 2005, the Division of Financial Assistance (Division) held a Sustainability Workgroup meeting with members of the housing, transportation and other resources agencies and stakeholders to discuss partnerships and common goals and solicit early input on proposed changes to the SRF Loan Program.

Based on input from the Workgroup and the January 2005 Board resolution, Division staff proposed amendments to the SRF Loan Policy to incorporate sustainability. These proposed amendments were made available to the Workgroup as well as subscribers of the State Water Board's electronic mail notification system on July 29, 2005 and posted to the State Water Board website thereafter.

The Division received a total of six public comment letters by the August 30, 2005 deadline. Comments were received from the Planning and Conservation League, League of California Cities, City of La Canada Flintridge, California Association of Sanitation Agencies and Tri-TAC, County Sanitation Districts of Los Angeles County and Santa Clara Valley Water District. Some comments expressed were similar in content or address the same section of the policy and have been combined. Comments and staff responses are summarized below:

1. Comment:

The definition of "Sustainability" should be reworded to specify sustainability of water resources and be consistent with the definition of sustainability in Government Code Section 65041.1, State Planning Priorities.

Staff Response:

Staff agrees with the comment and recommends the following revised definition: “Sustainability” means balancing environmental, economic and social factors in an equitable manner to maintain and protect the water resources needs of the present generation without compromising the ability of future generations to meet their own water resources needs.

2. Comment:

Clarify the definition of “Infill” to be consistent with Government Code Section 65041.1, State Planning Priorities.

Staff Response:

Staff agrees that any definition provided must be consistent with Government Code Section 65041.1. For clarification, Staff recommends removing the definition of infill since it is already defined within subsection (a) of Section 65041.1 of the Government Code relating to State Planning Priorities.

3. Comment:

One comment expressed concern that jurisdictions that are built out and need funding assistance to upgrade wastewater systems to address health and safety issues are not put at a disadvantage compared to other jurisdictions. Several other comments suggested that information supplied by applicants in Section IX.A.11 regarding state planning priorities should be informational only and not used to rank or determine eligibility of a proposed project.

Staff Response:

Staff agrees that information applicants submit regarding state planning priorities in Section IX.A.11 should be informational only and recommends adding the following wording to Section IX.A.11 of the SRF Policy: “The information provided in Section IX.A.11 is for information purposes only and shall not affect the priority or eligibility of a project requesting SRF funding.”

4. Comment:

We received two related comments on Section IX.D. “General Planning”. The first commenter suggested that the proposed amendments could be a burden on applicants to demonstrate compliance.

The second commenter expressed concern that in certain jurisdictions, and especially those with numerous entities, an individual city or county could disagree with certain aspects of a larger project and delay or obstruct the loan application process.

Staff Response:

Staff recommends a compromise between the language suggested in the comment and the need to have a certification process. The intent of the certification process is not to be a burden on applicants or their authorized representatives. Staff recommends the following wording for General Planning Section IX.D:

“If the applicant is responsible for adopting the general plan(s) for the area affected by a proposed project, the State Water Board shall not give facilities plan approval for the project until the applicant’s authorized representative has certified that the applicant has adopted the “land use” and “housing” elements of its general plan and that the project is consistent with the adopted land use and housing elements.

If the applicant is not responsible for adopting the general plan(s) for the area affected by the project, then the State Water Board shall not give facilities plan approval until the applicant’s authorized representative certifies that at least seventy-five (75) percent of the area affected by the project includes cities and counties with adopted land use and housing elements. The applicant’s authorized representative shall also certify that the applicant has reviewed those plans and determined that its project is consistent with those adopted land use and housing elements.”

5. Comment:

The Board should expand the funding eligibility to full-width street improvements, but should fund traditional paving on public streets where conditions exist such as heavy street traffic and slopes greater than five percent. There is also concern that the recommendation to make permeable pavement an option may result in short-term benefits, higher long-term maintenance costs and groundwater quality degradation.

Staff Response:

Staff does not agree that the Board should expand funding eligibility to full-width street improvements using traditional paving. The Division’s intention is to expand existing eligibility criteria so that agencies have the option of replacing the paving over the entire street width with permeable paving. The motive for making permeable eligible for funding is to provide an alternative means of reducing urban runoff. Staff understands that permeable paving may not be a feasible option for every project site. It would be the responsibility of the agency receiving funding to make the determination if the use of permeable paving was technically feasible for the given site conditions, cost effective, and whether it would have a net benefit on water quality.

All public comments have been reviewed, and where appropriate, incorporated into the draft SRF Policy amendments. If adopted at the September 22, 2005 Board meeting, the proposed amendments would only apply to projects receiving facilities plan approval from the Division after September 22, 2005.

If you have any questions, please call Christopher Stevens at (916) 341-5698.

Attachment

cc: Celeste Cantú
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